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September 22, 2005

Charles L.A. Terreni  
Chief Clerk & Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RECEIVED  
2005 SEP 23 PM 1:38  
SC PUBLIC SERVICE  
COMMISSION

Re: Docket No. 2005-245-E – Progress Energy Carolinas, Inc. Application for Permission to Sell Land (in North Carolina) That Is No Longer Needed to Provide Utility Service.

Dear Mr. Terreni,

This is to acknowledge that the Office of Regulatory Staff has reviewed the above referenced filing including the 'Revised Application' and 'further revised appraisal' and based on the following information we have no objection to the Company's request for approval of the transfer and sale of this 161 acres of property located in North Carolina. Per the Application the property to be sold is located on the west side of Lake Tillery in Stanly County, North Carolina, and was originally intended for impoundment purposes and for construction of the Tillery Lake Hydro Plant. The Company has determined that this property is no longer required for current utility operations. The property being sold was purchased in 1925 and 1926 as part of a slightly larger acreage and the book value of the 161 acres is \$15,406. The appraised value of the 161 acres is approximately \$3.9 million and was marketed and advertised for 90 days by the Company. The property is proposed to be sold to the highest bidder for \$7.45 million, which is in excess of both the book and appraised values. FERC Account No. 101, Electric plant in service, will be credited the book value of the acreage being sold, and FERC Account No. 421.1, Gain on disposition of property, will be credited the difference between the book value and the sale price.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS  
Florence Belser, General Counsel, SC ORS  
Len S. Anthony, Deputy General Counsel, PEC  
Dr. James Spearman